

## STATEMENT OF CONSIDERATIONS

REQUEST BY HONEYWELL INTERNATIONAL, INC. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-03NT41834; W(A)-03-041, CH-1162

The Petitioner, Honeywell International, Inc. Defense Space Electronic Systems (Honeywell), was awarded this cooperative agreement for the performance of work entitled, "Deep Trek High Temperature Electronics Improved Economics in Deep Well Drilling." The purpose of the cooperative agreement is to provide a solution for the gap in the down hole industry for a functional suite of high temperature electronic components, which can be used for high temperature instrumentation in the gas and petroleum deep well domain and other smart well applications. The project will establish a production-level, high temperature integrated circuit fabrication process for implementing advanced analog as well as digital functions; make this technology available to a large community of designers by providing foundry access as well as by offering Application Specific Integrated Circuit (ASIC) design platforms; develop and put into production key electronic standard building block functions; and develop a hardware demonstration to show the validity of the approach for down-hole instrumentation. Further details are provided in Exhibit A to the waiver petition. This waiver is for inventions of Honeywell only.

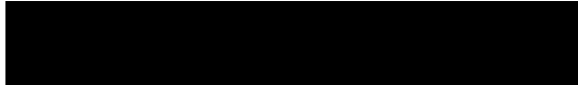
The total estimated cost of the cooperative agreement is \$4,637,161, with the DOE share being \$3,709,728, or 80% , while the remaining cost share of 20%, or \$927,433, will be provided by Honeywell. The period of performance is thirty six (36) months, from September 30, 2003 through October 1, 2006.

In its response to question 5 of the attached waiver petition, Honeywell has described its technical competence in the field of high temperature electronics. Honeywell has developed high temperature components for commercial sale, and these products can be viewed on the web at [www.ssec.honeywell.com/hightemp](http://www.ssec.honeywell.com/hightemp). Honeywell has also listed numerous publications related to high temperature electronics in response to question 5, as well as indicated that it holds a patent related to high temperature electronics relating to implementation of a linear capacitor in silicon on insulator (SOI) technology for high temperature applications, and on a method for developing a bandgap reference in SOI for high temperature applications. Honeywell's response fully demonstrates its technical competency in the field of high temperature components.

In its response to question 10 of the attached waiver petition, Honeywell states that there are multiple manufacturers having the ability to produce high temperature electronics employing various methods, and other examples in the literature of other research and development in high temperature electronics. In addition, Honeywell states that it is forming a collaboration of industry partners under a joint industry participation (JIP) agreement that will provide substantial support to the program in terms of providing industry requirements input and financial support. As part of the JIP, Honeywell will grant to the other participants a license in the inventions created under the cooperative agreement, and would therefore have the effect of increasing competition. Thus Honeywell's response shows that grant of the waiver will have a positive effect on competition and market concentration.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Honeywell has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Honeywell agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, Honeywell agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements. The petitioner has further agreed to modification of the data clause of the subject cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data


Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.

  
Mark P. Dvorscak  
Assistant Chief Counsel  
Intellectual Property Law  
Division

Date: Nov. 3, 2003

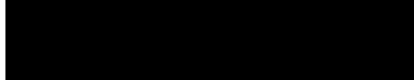
Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE/

  
*for* James Slutz  
Deputy Assistant Secretary  
Natural Gas and Petroleum Technology  
FE-30/FORS

Date: 1/12/04

APPROVAL: A

  
Paul A. Gottlieb  
Assistant General  
for Technology Transfer  
Intellectual Property

Date: 1-12-04

t) U. S. Competitiveness

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.